

# Mayor's Report

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September 11, 2012

I want to acknowledge the loss of two vital Haines residents this past week: Ed Lapeyri and Jeremy Hanes, both lost to us too soon. I thank their families for sharing their loved ones with the community during memorial services held Saturday and Sunday.

I also want to acknowledge receipt of the resignation of the Public Facilities Director, Brian Lemcke. Brian's last day will be October. Brian was aiming to resign earlier this year but graciously agreed to see us through a very busy construction season. We thank you and we will miss your soft spoken authority.

I followed up with the Alyce Houston from the Alaska Division of Elections Region I regarding complaints from citizens regarding procedures followed during the August 28 primary; and with APOC and the Alaska Real Estate Commission regarding one candidate's inability to acquire a waiver from disclosure for income from real estate transactions. Houston basically said, if the voter ended up with the proper ballot, then no harm was done; APOC said that real estate commissions are not protected from disclosure under state law. The Real Estate Commission was examining APOC's claim at a meeting held last week. I have yet to learn if they will consider challenging APOC's determination.

As the representative for District 1 on the Alaska Municipal League Board of directors, Saturday, September 8, I voted yes on the question of filing a declaration in support of the State's motion to seek injunctive relief from the Emission Control Area regulations. The main effect of the mandate to use ultra low sulfur fuel in Southeast Alaska will be the impact on the cruise industry. Mike Tibbles of the Alaska Cruise Association, described the efforts of the cruise industry to negotiate with the EPA in a September 7 email to the AML Executive Director:

It is also interesting to note that we have been working hard with the EPA on an environmental equivalency alternative. We have proposed to do even better than required by the EPA while near populated areas in return for being able to continue the current fuel in the many miles of remote waters off the coast of Alaska. We support the health goals of the ECA and can achieve even better health benefits at the same time, significantly reducing the negative economic impacts to Alaska. Unfortunately, our averaging proposal has been rejected by the EPA.

He also described the anticipated economic impacts to the cruise industry (the emphasis are added by Mr. Tibbles):

The cost to the cruise industry is estimated to be at least \$100-\$150 million, resulting in a projected 29% increase of cruise cost. This breaks down **to an increase of \$3.2 million per ship per season for the 2012 requirements and \$5.5 million per ship for the 2015 requirements.** Recent history has shown a 14% or 140,000 passenger capacity loss to Alaska as a result of the \$50 per passenger, or approximately \$50 million head tax. There was also a corresponding loss of \$150 million in direct and indirect spending and according to the State Department of Commerce, a loss of over 5,000 jobs in Alaska.

**Based upon a recent analysis conducted by Business Research & Economic Advisors (BREA), the increase in cruise costs are projected to result in the loss of 132 itineraries in the Alaska market.** The reduced itineraries could translate into a loss of five to seven **cruise ships, which would result in an estimated reduction of \$886 million in output and the loss of over 9,000 jobs in the Seattle/Vancouver/Alaska market.**

Given the 2-year lead time on ship deployment decisions, reevaluation of itineraries has already begun. While the most significant cost increases will begin in 2015, Alaska may start to see negative impacts as soon as 2014.

I visited with Darwin Green, VP of Constantine Metal Resources (Friday, August 30) . He described the status of the investigation of the copper, zinc, gold, and silver Palmer Deposit in the Porcupine Area. The property is still in the exploration stage. In addition to drilling, water samples area being collected to establish water quality baseline data. The Palmer Project is reported on the Constantine website as the company's flagship project. Haines is very favorably described as providing excellent infrastructure with a *port providing access to hungry Asian smelting markets.* <http://constantinemetals.com/projects/palmer/#location>.

Constantine also maintains a delightful Haines community page on their website well worth a visit. You can see a picture of Darsie pitching horses shoes. [http://constantinemetals.com/projects/haines\\_community/](http://constantinemetals.com/projects/haines_community/)

Together we viewed a 27-slide presentation on the Palmer project, the PDF of which is available. My concern is that the community work effectively with the developers to prepare for impacts and to address concerns. At this time, development of the mine is a distant dream but it is never too soon to pay attention. With respect to the economic impact of the current exploration efforts, Mr. Green reported in a 9/8/12 email that ...

.... there has been very little ground work done this year .... there have been multiple corporate visits to Haines with cumulative hotel, meals, gas and

other minor purchases that totals approximately \$10,000. We have also hired guys for a couple of odd jobs totaling maybe \$2,500. Add storage/rental costs I'd guess we are somewhere around \$15 to \$20k total.

Helicopter expenses, which go to Juneau total about \$15,000.

Hopefully we see a multi million dollar exploration season at Palmer next year in which we see an increase in direct investment in Haines that is a couple orders of magnitude higher than this year.

I met (9/7/12) with Ryan Scott, Department of Fish and Game, regarding the state study of the mountain goats in this area. He stated that the purpose of the study was to locate the goat population and to describe the behaviors and habitat of the mountain goat in order to advise regulators, including the borough. He was very clear that the State's interest in goats was to manage the population for hunting and wildlife viewing. He stated that the numbers in the herd determine the hunting opportunities permitted by the state: the greater the numbers, the greater the harvest; if the numbers decline, then the allowable harvest would decline accordingly. I am seeking information regarding the economic impact of guided goat hunts in Haines. Mr. Scott hopes to be able to provide some of that information. The purpose of my quest for this information is to establish that the mountain ranges represent a resource that is provides a livelihood as well as food subsistence for a variety of Haines residents. I believe that we need to be mindful of this when allocating areas for one activity or another.

Finally, I met with Mr. Krammerer about his concern regarding procedures he experienced through the Borough police department. As a result of that meeting, I am now aware of the rules and regulations that govern the Haines police department and specifically about the rules and regulations governing allegations of misconduct. I can report that we are following the rules.